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FISCAL NOTE

Drafting Number:	LLS 18-1044	Date:	March 23, 2018
Prime Sponsors:	Rep. Coleman; Neville P. Sen. Neville T.	Bill Status:	House Finance
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Bill Topic: INCOME TAX CHECK-OFF YOUNG AMERICANS FINANCIAL EDUCATION

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill creates the voluntary contribution designation (income tax checkoff) benefitting the Young Americans Center for Financial Education Fund. The income tax checkoff will be available for five consecutive tax years beginning the year it is first placed on the form.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

This bill creates the voluntary contribution designation (income tax checkoff) benefitting the Young Americans Center for Financial Education Fund. Money in the fund is used to support the Young Americans Center for Financial Education, a Colorado nonprofit organization.

The income tax checkoff will be available for five consecutive tax years beginning with the year it is first placed on the form.

Background

Voluntary Contributions. The Colorado individual income tax return form allows taxpayers to contribute to various listed organizations by donating a portion of their income tax refund or increasing the amount owed on their tax return. Legislation is required to create a new income tax checkoff.

Only 20 checkoff programs can appear on an individual income tax form each year. To ensure that the cap is not exceeded, the priority order system specifies that continued or renewed programs take precedence over newly created programs. Tax check-offs must contain a sunset date and meet a yearly minimum contribution of \$50,000 by the third year from when it first appeared on the form and subsequent tax years to remain on the tax form. Contributions are calculated from January 1st through September 30th of each tax year. Thus, if a program that has

appeared on the form is renewed or continued and has donations of at least \$50,000, the program remains on the form in the following tax year. Under current law, the Western Slope Military Veterans Cemetery and Homeless Prevention Activities Program funds are exempt from the mandatory sunset process.

Newly created programs can only appear on the tax form when an existing program is removed. The order of programs in the queue is determined by the date and time that the Governor signs each bill. It should be noted that 20 voluntary contributions appear on the 2017 Colorado individual income tax form. As of the date of this fiscal note, there are no tax check-off programs in the queue.

During January 1 through September 2017, the total amount of voluntary contributions made was approximately \$1.8 million, ranging from \$16,000 to \$181,000 per checkoff program.

Young Americans Center for Financial Education. The Young Americans Center for Financial Education is a 501(c)(3) nonprofit organization. The organization develops financial literacy of young people through real-life experiences and hands-on programs. Young AmeriTowne, International Towne, YouthBiz, and Money Matters are some of the programs in the organization.

State Revenue

The amount of contributions to the Young Americans Center for Financial Education Fund and the date by which the tax check-off will be available is uncertain. State revenue will increase in years the tax check-off is available on individual income tax returns. This bill will not affect General Fund revenue. Contributions are credited to the Young Americans Center for Financial Education Fund. These voluntary donations are exempt from TABOR provisions.

State Expenditures

Expenditures by the Department of Revenue for programming costs are expected to increase by \$2,200 when the department is ready to implement the bill. These costs are attributed to one-time Gentax programming and to program the optical charter recognition software to recognize the change to the state income tax form. Since programming costs are based on the FY 2018-19 contracted rate for changes to the Colorado Integrated Tax Architecture system, the \$2,200 figure will likely increase if the checkoff program in this bill does not appear on the 2018 income tax form.

The bill specifies that these costs are to be paid by an annual appropriation from the Young Americans Center for Financial Education Fund. In the event that the moneys in the fund are insufficient to cover these costs, this fiscal note assumes that the General Fund will offset the amount of any deficiency, which will be reimbursed once sufficient donations arrive.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Information Technology Personnel Revenue Treasury